

Assembly Bill No. 1123

CHAPTER 327

An act to add and repeal Section 678.3 to the Insurance Code, relating to insurer liability.

[Approved by Governor September 22, 2005. Filed with
Secretary of State September 22, 2005.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1123, Wyland. Insurance: renewal: liability.

Existing law provides that there shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer, agent, broker, or other specified person for any statement made, unless shown to have been made in bad faith with malice in fact, by any of them in specified communications involving the cancellation of a policy, or in evidence submitted at certain proceedings in which the cancellation is an issue.

This bill would, until January 1, 2011, apply these protections, in addition, to communications and evidence involving the nonrenewal of a policy for insurers that issue professional liability insurance policies to health care providers. For liability purposes, there would not, however, be a required showing of malice in fact.

The people of the State of California do enact as follows:

SECTION 1. Section 678.3 is added to the Insurance Code, to read:

678.3. (a) There shall be no liability on the part of, and no cause of action of any nature shall arise against, any insurer which issues professional liability insurance policies to health care providers or its authorized representatives, agents, or employees, or any licensed insurance agent or broker, for any statement made, unless shown to have been made in bad faith, by any of them in any of the following:

(1) A written notice of nonrenewal, or any other oral or written communication specifying the reasons for nonrenewal of a policy issued to a health care provider.

(2) Any communication providing information pertaining to the nonrenewal.

(3) Evidence submitted at any court proceeding or informal inquiry in which the nonrenewal is an issue.

(b) This section shall apply only to nonrenewals for which written notice is provided by the insurer on or after January 1, 2006.

(c) This section shall remain in effect only until January 1, 2011, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

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